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Country review report for Uzbekistan

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Introduction

1. In accordance with the procedures set forth in the programming manual for the review of country cooperation frameworks (CCFs), a review of Uzbekistan was held from 16 to 29 July 1999. The present report contains a summary of the findings of the review. The findings are grouped by thematic area, for each of which are presented summaries of the conclusions reached by the review team, the corresponding recommendations and the action agreed on by UNDP and the Government. The full text of the review is available in the language of submission upon request to the Executive Board Secretariat.

I. The national context

Findings

2. Uzbekistan is a country in transition that has selected gradual and controlled change to effect that transition. The key issues confronting social and economic transformation are: (a) social stabilization, consisting of restraining destabilizing political fundamentalist movements; (b) further developing private-sector-oriented production and commercial capacity; and (c) further human resource and institutional capacity-building. These issues have directly impacted critical areas such as democracy, governance, civil society participation, employment generation, public and private financial stability, education and health, the environment and further integration into the world community. The Government is becoming more transparent in its operations and is prepared to address some sensitive social and economic reform areas.

Recommendations

3. The Government sees the benefits of and need for UNDP assistance in addressing some sensitive social and economic reform areas. There should be follow-up by UNDP using its unique capabilities to assist the Government at a very senior level and at an operational level. UNDP needs to work with the Government not only in implementing the socio-economic strategy but also in monitoring and providing guidance in any necessary adjustments.

Agreed actions

4. It has been agreed between the Government and UNDP that UNDP will act as a key collaborator assisting the Government in refining the national socio-economic development strategy and supporting its implementation and monitoring.

II. The country cooperation framework

Findings

5. The first CCF for the period 1997-1999 was prepared in late 1996, mainly by the country office. The CCF consists of the following four thematic areas: (a) jobs and incomes; (b) democracy, governance and participation; (c) environment; and (d) promotion of regional dialogue. While advances were made on several thematic area components, such as the markets and small- and medium-sized enterprise (SME)

development component of the thematic area of jobs and incomes, very minimal progress was made on the entire thematic area of promotion of regional dialogue. The diversity and number of projects of the sectors addressed limited substantive action and results in most of the thematic areas.

Recommendations

6. The UNDP office is currently planning needs-assessment and programming missions to assist the Government and country office in the formulation of a new CCF. It is suggested that they concentrate on the following three areas:

(a) Democracy, governance, and participation: To assist in establishing independent institutions; strengthen non-governmental organizations (NGOs) and their efforts in this area; and address information and mass media issues such as the role of the Government in the regulation of the Internet and other sensitive media and information tools.

(b) Employment and income generation: The further concentration on SME and micro-credit is recommended. In order to make the ongoing initiatives self-sustainable, the country office may consider helping the Government in addressing the policy issues related to business registration, taxation and access to finance.

(c) Environmental protection and awareness: Movement should be towards targeted assistance to implement national strategies. Specific consideration should be given to the use of the Global Environment Facility (GEF) as a partner for these efforts.

Agreed actions

7. The Government is in agreement with the recommendations of the country review mission on the new CCF thematic areas. The Government and the country office will extensively use programme-related recommendations of the country review mission in designing the new CCF. In its strategies and in discussions the Government formally announced that it is interested in governance decentralization to liberalize the role of the State in social and economic activities. This interest will be strongly pursued by UNDP, in collaboration with other donors.

III. Programme performance

Findings

8. While the programme was very diverse with 51 projects active or initiated during the CCF period, there are several successes on major thematic component areas. However, the achievement of these successes was at a very high management and other resource cost. Most of these projects were complicated and did not have the appropriate government input during the design phase or support in the course of implementation, thus leading to failure.

9. The application of the programmatic approach early on in the CCF would have significantly benefited the targeting of financial, office and government resources to critical priority areas. Projects were developed based on requests or the need to fill an immediate gap in programme activities. Part of this lack of organized programming can be attributed to the lack of strategic planning within the UNDP

office. Part can also be attributed to the lack of a technical cooperation programme or a strategic reform vision of the Government.

10. In the jobs and incomes thematic area, the largest thematic area addressed in terms of number of projects and funds allocated, most projects are in the area of the markets and SME development component. There are significant successes in this area, such as the evolution of a small business incubator system and micro-credit schemes. It is reported that over 200 businesses were formed with the support of the central business incubator assistance. However, work in two of the sub-component areas was minimal — the employment guarantee scheme and poverty alleviation. Initial work was done to assist the preparation of the social transformation fund but it was determined that the project was premature and required reformulation.

11. The first notable achievement in the democratization, governance and participation thematic area was the passage of legislation to establish the NGO legal centre and the second was the establishment of UZNET. UZNET was successful in establishing an inter-ministerial intranet system. However, there are other Internet areas to be addressed, including increasing public access, awareness of the Internet as a useful information and education tool, and the role of the Government in regard to the Internet. The use of the Internet can also be very positively applied in such areas as furthering the efforts of the handicraft centres and business incubators. While some of these issues are very sensitive between the Government and the international community, UNDP still has a catalytic role in advancing the use of the Internet as an education and information tool.

12. With regard to human rights, the Centre for Human Rights, an ombudsman's office and an NGO legal aid society were formed. Progress in this thematic area has been entirely dependent on the progress of the Government in addressing key NGO, human rights and information access issues.

13. With UNDP targeted assistance, NGOs have become more active but there are still issues to be addressed regarding their role in the development of the country.

14. The Centre for Economic Research has achieved its objectives by providing needed research, collaborating with other donors and research institutions, and assisting in transforming the Government's approach to its own research institutions. The project was also successful in obtaining government cost-sharing in a unique approach. The Centre is not yet self-financing but has a high potential within the next CCF period.

15. The management-of-change project, initiated in 1994, began its second phase in 1998. The project supports the participation of civil servants in training courses abroad to enable them to undertake effectively social and economic reforms. For the second phase, the management and procedural aspects of the project were refined and a local foundation, UMID, became a partner to assist project oversight and provide cost sharing.

16. With regard to the environment of the three components — the Aral Sea rehabilitation, international environmental conventions and sustainable development planning — two components were addressed. While the problems surrounding the Aral Sea rehabilitation have been many and diverse, projects in this area did attempt to address several key issues, with various degrees of success and failure. There was more success in assisting the Government to meet initial obligations incurred under conventions and protocols, i.e., country studies, strategy development action plans

for biodiversity, combating desertification, climate change and project development for the Montreal Protocol.

17. The geographic dispersion of major project efforts should also be noted. There were nine Tashkent-centred projects; six projects in various regions, including Tashkent; and four projects solely outside Tashkent.

18. Towards the end of the CCF cycle, the country office identified the need to use a programmatic approach. This approach is currently being implemented, with evaluation of various projects and programmes and will culminate in the formulation of programme documents for each thematic area in the new CCF.

19. Throughout the CCF, the office has taken a proactive approach to using the national execution modality, with most projects now using this modality. The application of the national execution approach has helped to strengthen working relationships with the Government and other project-related partners. On a management and operational level, with the development of the national execution operations manual and related training, government counterparts have indicated that the management and execution of such projects have become more transparent.

20. Resource mobilization targets in the CCF were clearly too ambitious, especially with regard to government and third-party cost-sharing. Only 22 per cent of the forecast government cost-sharing target was achieved, while a mere 9 per cent of the target was attained with regard to third-party cost-sharing. For the 1997-1999 period as a whole, approximately 40 per cent of total programme resources are non-core.

21. The UNDP office has significantly increased and improved its coordination with other donors throughout the CCF period. The improved reputation of UNDP is signified by the view of other donors that it is effective and is the main coordinator for overall external assistance within the international community. In addition to managing its own projects, UNDP is often used or provides advice to other donors and United Nations agencies. This experience has led UNDP to be seen as capable of executing projects of other institutions and mobilize third-party cost-sharing.

Recommendations

22. The needs assessment/programming missions, with the inputs of the UNDP, the Government and other potential partners should result in the formulation of a limited number of programmes that consist of well-focused and related projects in each programme area. The programmes and projects should be designed at an early stage with the inputs of the Government and other key partners. The collaboration with NGOs and other civil society institutions needs to be strengthened in project implementation and management.

23. Given the limited programme resources available, the number of projects needs to be reduced. Programme and project interventions should have clear and realistic objectives and established indicators against which to measure progress.

24. There is the possibility of further work with civil society institutions such as NGOs, associations and other groups. UNDP has been resourceful in this area in the past and should continue its efforts.

25. The development of a clear and favourable regulatory framework for SME development could be further elaborated with the Government.

26. Since most projects are Tashkent-centred, the balance of projects should be addressed. The lessons learned from the establishment of project offices in provincial areas, such as in Nukus and Karshi, should be evaluated and considered for other provincial project formulation.

27. Emphasis on project result sustainability should be strengthened. During project planning project counterparts, including government agencies, NGOs, associations, business incubators, and others, should fully understand that sustainability is a key factor in project success.

28. UNDP has had several cost-sharing experiences with the Government and other donors. Now, UNDP should use its experience, management and finance systems, relationships and contacts to increase cost-sharing and strengthen partnership efforts.

29. A clear national execution exit-strategy, where the Government and other national partners gradually assume more responsibility for management and implementation of projects, should be devised and could complement current capacity-building support. Proper oversight and accountability should be ensured. Relevant government decisions regarding the currency regime is one of the preconditions.

Agreed actions

30. Based on the outcome of the programming and needs-assessment missions and upon evaluating the ongoing projects, a limited number of well-focused project and programme interventions will be identified within the framework of the new CCF. The programmatic approach will be a cornerstone of the new CCF. Programmes and projects will be designed jointly with government agencies and other key stakeholders, including NGOs, academia, women's groups, etc.

31. UNDP will complement its ongoing support to SMEs with upstream policy advice to help the Government to create an enabling legal and institutional framework for SME and micro-credit development.

32. In order to strengthen the role of civil society in the national policy-making process, UNDP will provide targeted assistance to NGOs in building their institutional and technical capacity and increasing their collaboration.

33. The balance of geographic distribution of projects will be considered through identification and prioritization of the most vulnerable geographic areas to be targeted by UNDP programmes and projects.

34. UNDP will continue its consultations with national counterparts on the project-related findings of the country review mission to reduce the existing number of projects. Subsequently, the country office and the Government will decide what projects and programme initiatives should be continued throughout the new CCF programme cycle.

35. UNDP and the Government will prepare a joint strategy to enhance national execution and increase the prospects for sustainability of key institution-building initiatives. Training will be conducted for counterparts so that sustainability is understood and that it is known that UNDP assistance is not meant to replace other funding, but rather add value to the government and civil society efforts in addressing the most critical development challenges of the country.

36. The use of new UNDP results frameworks, including the strategic results framework (SRF), the results-oriented annual report (ROAR), and the multi-year funding framework (MYFF), will be further strengthened so that the overall programme areas and projects are more results-oriented and monitored and evaluated accordingly.

37. Strategic partnerships with donors will be further developed through formulation and implementation of a resource mobilization strategy fully consistent with the programme focus areas of the new CCF. Regular exchange of information between key donors will be emphasized to ensure effective utilization of scarce external development resources.

IV. UNDP support to the United Nations

Findings

38. During the past CCF period, UNDP has had 23 project relationships with other United Nations agencies, including United Nations Industrial Development Organization, United Nations Conference on Trade and Development, International Labour Organization, United Nations Volunteers, United Nations Educational, Scientific and Cultural Organization, World Trade Organization, Office to Combat Desertification and Drought, United Nations Population Fund, Universal Postal Union, World Health Organization and the World Bank. These working relationships have involved cost-sharing as well as executing agency relationships.

Recommendations

39. UNDP efforts to stimulate collaboration and to enhance coordination should continue to be pursued. It is also recommended that a separate project using UNDP core resources be designed that will further strengthen the office's resident coordinator responsibilities. This would support such activities as the common country assessment (CCA), follow-up to global conferences and raising the awareness of the United Nations throughout the country.

Agreed actions

40. In order to optimize the effectiveness and impact of the efforts and resources of each United Nations agency, the ongoing dialogue and coordination will be further maintained. As stated in the country office SRF, coherent operational development efforts will be enhanced through joint work on the CCA and follow-up activities, and regular meetings.

41. An integrated strategy on selected global conference follow-up will be elaborated jointly by the Government and organizations in the United Nations system with UNDP as a coordinating focal point. Extensive use of information technology facilities, including joint United Nations web sites, will be made to further the profile of the United Nations and its role in development. Effective UNDP support to United Nations agencies which are not directly represented at the country level should further be extended.

Annex

Financial summary table

Country: Uzbekistan
CCF period: 1997-1999
Period covered by the country review: 1 January 1997-June 1999

Regular resources	*Amount assigned for the CCF**	*Amount planned for the period under review*	*Estimated expenditure for the period under review*
	(Thousands of US dollars)		
Estimated IPF carry-over	2 491	2 446	2 446
TRAC 1.1.1 and TRAC 1.1.2 (58.3% of TRAC 1.1.1)	2 169	1 627	1 324
Other resources	1 286	965	727
Support for policy and programme development/ support for technical services	190	177	123
Subtotal	**6 136**	**5 215**	**4 670**

Other resources	*Amount targeted for the CCF**	*Amount mobilized for the period under review*	*Estimated expenditure for the period under review*
	(Thousands of US dollars)		
Government cost-sharing	14 167	1 317	1 496
Third party cost-sharing	1 416	362	333
Sustainable development funds			
GEF	-	462	452
UNV	-	69	69
Funds, trust funds and other funds			
UNDP trust fund for urgent human needs in Uzbekistan	-	133	133
Poverty strategy initiative	-	64	64
UNSO trust fund	-	36	36
Subtotal	**15 583**	**2 443**	**2 583**
Grand total	**21 719**	**7 658**	**7 253**

* Prorated for the period under review.